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NSC FOR SUE CRONIN
SOUTHCOM FOR POLAD BARBARA JOHNSON
JOINT STAFF FOR J5 LTC SCOTT DAVIS
NAIROBI FOR MICHAEL FITZPATRICK

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SUBJECT: PARAGUAY: HATTEM BARAKAT SENTENCED TO SIX YEARS
PRISON

Classified By: PolOff SUSAN SUTTER, for reasons 1.4 (b) and (d).

¶1. (S//NF) SUMMARY: On April 10, a Paraguayan court sentenced Hattem Barakat to six years in prison on charges of aggravated production and use of documents containing false information. Barakat is the brother of Assad Ahmad Barakat, who was convicted in 2003 of tax evasion and is currently serving a six and one-half years sentence in a Paraguayan prison. Thanks to excellent support from the USG directed and supported Secretariat for the Prevention and Investigation of Terrorism (SEPRINTE), Barakat was successfully prosecuted and sentenced, even though the Barakat clan tried to threaten and intimidate almost every official and witness involved in the case. Despite the successful prosecution of Barakat, his assets, including his businesses which are likely used to support illicit activities, remain in his possession as Paraguay lacks adequate money laundering and counter terrorism laws. END SUMMARY.

A Conviction Despite Intimidation

¶2. (S//NF) On April 10, a Paraguayan court sentenced Hattem Barakat, brother of Assad Ahmad Barakat, to six years in prison for aggravated production and use of documents containing false information. (Note: His brother, Assad Ahmad, was convicted in 2003 on tax evasion charges and is currently serving a six and one-half years sentence in a Paraguayan prison. End Note.) It is suspected that Barakat has laundered millions of dollars through several of his illicit business in Ciudad del Este and Iquique, Chile in support of Hezbollah terrorist activities in Lebanon. During the trial, members of the Barakat clan in Ciudad del Este attempted to bribe and intimidate virtually every Paraguayan official on the case, including judges, prosecutors, and witnesses. Sensitive information indicates that the clan spent between USD350,000-400,000 in bribes to disrupt or sway the trial and free Barakat. The USG funded and supervised group from the Secretariat for the Prevention and Investigation of Terrorism (SEPRINTE) prevented the Barakat clan from influencing the trial, including providing security at the courthouse.

The End is Not in Sight

13. (S//NF) Barakat,s defense will likely appeal the court's decision and the drama will again ensue. Also, because of the lack of strong anti-money laundering and counter terrorism laws in Paraguay, Barakat is still able to maintain ownership of his businesses that are involved in illicit activities and possession of his bank accounts. Most likely Barakat will continue to support illicit and terrorist activities through these businesses and bank accounts while in jail.

14. (S//NF) COMMENT: While the sentencing of Hattem Barakat is a success, it is important to note that without the direct USG support, funding and supervision of the SEPRINTE unit, the outcome of this case may have been very different. No Paraguayan government officials assisted or supported the efforts of the prosecutor or judges involved in the case. In fact, there was heavy pressure by several high-level Paraguayan officials to not convict Barakat. Moreover, without effective counter terror or anti-money laundering laws, it remains very difficult to prosecute these types of cases effectively. Post continues to be engaged with Paraguay on passage of the proposed money laundering legislation that is currently before Congress. END COMMENT.

CASON